



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2011

LANGEBERG MUNICIPALITY

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LANEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Langeberg Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Langeberg Municipality includes the following towns and surrounding rural areas:

*Ashton
Bonnievale
McGregor
Montagu
Robertson*

MUNICIPAL MANAGER

SA Mokweni

CHIEF FINANCIAL OFFICER

CF Hoffman

REGISTERED OFFICE

Langeberg Municipality; 28 Main Road; Ashton; 6715

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA; PO Box 4453; Tygervally; 7536

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

LANGEBERG MUNICIPALITY

MEMBERS OF THE LANGEBERG MUNICIPALITY

COUNCILLORS

Gagiano, D	Executive Mayor	DA	Proporsional
Hull, D A	Speaker	DA	Ward
Meyer, K	Deputy Mayor	COPE	Proporsional
Van Eeden, SW	Member of Mayoral Committee	DA	Ward
Scheffers, EMJ	Member of Mayoral Committee	DA	Ward
Crouwcamp, NP	Member of Mayoral Committee	CI	Proporsional
Burger, J D	Ordinary Councillor	DA	Ward
De Koker, T S	Ordinary Councillor	DA	Ward
Janse, D B	Ordinary Councillor	DA	Ward
Kortje, R R	Ordinary Councillor	DA	Ward
Kriel, J	Ordinary Councillor	DA	Ward
Mafilika, S P	Ordinary Councillor	ANC	Ward
Turner, E	Ordinary Councillor	DA	Ward
Van Zyl, J D F	Ordinary Councillor	DA	Ward
Zwedala, E M	Ordinary Councillor	ANC	Ward
Grootboom, C J	Ordinary Councillor	PDM	Proporsional
Johnson, R	Ordinary Councillor	ANC	Proporsional
Mgoqi, N J	Ordinary Councillor	ANC	Proporsional
Mhlambeni, A N	Ordinary Councillor	ANC	Proporsional
Nyamana, W S	Ordinary Councillor	ANC	Proporsional
September, D J	Ordinary Councillor	CI	Proporsional
Simpson, O C	Ordinary Councillor	WCC	Proporsional
Vollenhoven, E J	Ordinary Councillor	ANC	Proporsional

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 70 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

SA Mokweni
Municipal Manager

Date

LANEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Net Assets		412 366 022	392 331 283
Capital Replacement Reserve	2	29 207 935	36 340 353
Accumulated Surplus/(Deficit)		383 158 087	355 990 930
Non-Current Liabilities		77 349 325	75 939 973
Long-term Liabilities	3	37 327 237	41 511 897
Employee benefits	4	35 109 846	30 776 699
Non-Current Provisions	5	4 912 242	3 651 377
Current Liabilities		75 579 746	62 997 353
Consumer Deposits	6	5 571 077	4 942 210
Current Employee benefits	7	11 687 217	11 352 505
Provisions	8	2 267 544	1 728 673
Payables from exchange transactions	9	37 759 312	28 164 119
Unspent Conditional Government Grants and Receipts	10	8 568 593	10 129 340
Unspent Public Contributions	11	62 849	235 526
Taxes	12.1	6 272 593	4 563 193
Current Portion of Long-term Liabilities	3	3 390 561	1 881 787
Total Net Assets and Liabilities		565 295 093	531 268 609
ASSETS			
Non-Current Assets		437 795 176	409 939 990
Property, Plant and Equipment	13	406 339 645	382 377 879
Investment Property	14	27 648 336	24 013 674
Intangible Assets	15	864 355	956 106
Capitalised Restoration cost	16	436 719	871 058
Non-Current Investments	17	7 441	6 318
Long-Term Receivables	18	2 498 680	1 714 954
Current Assets		127 499 917	121 328 619
Inventory	19	10 595 896	10 619 181
Receivables from exchange transactions	20	17 075 591	16 819 867
Receivables from non-exchange transactions	21	3 930 999	3 861 214
Unpaid Conditional Government Grants and Receipts	10	6 450 286	10 710 805
Operating Lease Asset	22	31 109	13 244
Taxes	12	11 455	37 567
Current Portion of Long-term Receivables	18	1 209 421	1 984 451
Cash and Cash Equivalents	23	88 195 160	77 282 291
Total Assets		565 295 093	531 268 609

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 Actual R	2010 Restated R	2010 Correction of Error R	2010 Previously reported R
REVENUE					
Revenue from Non-exchange Transactions		109 699 201	104 600 913	(0)	104 600 913
Taxation Revenue		23 826 569	22 470 346	-	22 470 346
Property rates	24	23 826 569	22 470 346	-	22 470 346
Transfer Revenue		83 620 043	80 029 472	(0)	80 029 472
Government Grants and Subsidies - Capital	25	18 706 484	18 800 043	18 800 043	-
Government Grants and Subsidies - Operating	25	64 499 820	60 939 024	(19 090 448)	80 029 472
Public Contributions and Donations		413 740	290 405	290 405	
Other Revenue		2 252 589	2 101 095	-	2 101 095
Actuarial Gains		-	-	-	-
Third Party Payments		-	-	-	-
Gain on Foreign Exchange transaction		4 523	-	-	-
Fines		2 248 067	2 101 095	-	2 101 095
Other Revenue		-	-	-	-
Revenue from Exchange Transactions		238 942 667	207 445 710	(22 423 814)	229 869 524
Service Charges	26	217 749 166	186 344 288	(22 471 824)	208 816 112
Rental of Facilities and Equipment		1 568 990	1 379 812	9 968	1 369 844
Interest Earned - external investments		4 992 719	7 338 969	-	7 338 969
Interest Earned - outstanding debtors		1 332 092	1 296 636	-	1 296 636
Licences and Permits		1 111 859	788 522	-	788 522
Agency Services		1 562 916	1 472 329	-	1 472 329
Other Income	27	9 826 749	8 787 112	-	8 787 112
Unamortised Discount - Interest		45 057	38 042	38 042	-
Gain on disposal of Property, Plant and Equipment		753 120	-	-	-
Total Revenue		348 641 869	312 046 623	(22 423 814)	334 470 437
EXPENDITURE					
Employee related costs	28	102 017 363	92 865 759	-	92 865 759
Remuneration of Councillors	29	5 263 028	4 995 472	-	4 995 472
Debt Impairment	30	5 245 776	5 231 860	-	5 231 860
Depreciation and Amortisation	31	14 306 630	13 148 545	(9 129 818)	22 278 363
Collection costs		916 446	911 009	-	911 009
Repairs and Maintenance		10 569 374	9 053 532	29 495	9 024 037
Actuarial losses	4	1 336 500	-	-	-
Unamortised Discount - Interest paid		126 286	124 343	124 343	-
Finance Charges	32	9 241 912	8 042 008	343	8 041 666
Bulk Purchases	33	128 060 590	98 707 237	-	98 707 237
Contracted services		1 242 352	1 524 235	-	1 524 235
Grants and Subsidies	34	-	(0)	(13 206 376)	13 206 376
Operating Grant Expenditure		18 668 742	25 185 467	24 039 425	1 146 042
General Expenses	35	31 427 734	27 551 753	(9 265 448)	36 817 201
Loss on disposal of Property, Plant and Equipment		184 397	5 482 930	(5 031 549)	10 514 479
Fair Value Adjustments		-	1 745 690	-	1 745 690
Total Expenditure		328 607 130	294 569 840	(12 439 586)	307 009 425
NET SURPLUS/(DEFICIT) FOR THE YEAR		20 034 739	17 476 784	(9 984 228)	27 461 012

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Government Grant Reserve	Capital Replacement Reserve	Capitalisation Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R	R	R
Balance at 1 JULY 2009	83 574 741	32 992 064	31 522 164	225 740 998	373 829 967
Change in accounting policy	(83 574 741)	-	(31 522 164)	115 096 905	-
Correction of error	-	-	-	1 024 532	1 024 532
Restated Balance at 1 JULY 2009	-	32 992 064	-	341 862 435	374 854 499
Transfer to CRR	-	39 875 601	-	(39 875 601)	-
Property, Plant and Equipment purchased	-	(36 527 312)	-	36 527 312	-
Transactions for the year	38 908 599	-	(2 710 787)	(36 197 811)	-
Change in accounting policy	(38 908 599)	-	2 710 787	36 197 811	-
Net Surplus for the year	-	-	-	17 476 784	17 476 784
Balance at 30 JUNE 2010	-	36 340 353	-	355 990 930	392 331 283
Net Surplus for the year	-	-	-	20 034 739	20 034 739
Transfer to/from CRR	-	36 192 214	-	(36 192 214)	-
Property, Plant and Equipment purchased	-	(43 324 632)	-	43 324 632	-
Balance at 30 JUNE 2011	-	29 207 935	-	383 158 087	412 366 022

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	30 JUNE 2011 R	30 JUNE 2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		257 977 810	193 755 636
Government - operating		64 499 820	60 939 024
Government - capital		18 706 484	18 800 043
Interest		6 324 811	8 635 606
Dividends		-	-
Payments			
Suppliers and employees		(281 452 112)	(238 109 762)
Finance charges	32	(9 241 912)	(8 042 008)
Transfers and Grants		-	0
Cash generated by operations	38	56 814 900	35 978 539
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(42 322 800)	(65 673 071)
Purchase of Investment property	14	-	-
Proceeds on Disposal of Fixed Assets		753 120	-
Purchase of Intangible Assets	15	(497 308)	(323 452)
Decrease/(Increase) in Long-term Receivables	18	(1 705 671)	13 925 591
Decrease/(Increase) in Non-current Investments	17	(1 123)	(1 634)
Net Cash from Investing Activities		(43 773 783)	(52 072 565)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(2 757 115)	(3 070 518)
New loans raised		-	-
(Decrease)/Increase in Consumer Deposits		628 867	343 571
Net Cash from Financing Activities		(2 128 248)	(2 726 947)
NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS		10 912 869	(18 820 973)
Cash and Cash Equivalents at the beginning of the year		77 282 291	96 103 264
Cash and Cash Equivalents at the end of the year	39	88 195 160	77 282 291
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		10 912 869	(18 820 973)

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 101	Agriculture
GRAP 102	Intangible assets
IGRAP 1	Applying the probability test on initial recognition of exchange revenue
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
IAS 19 (AC116)	Employee Benefits
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2011
GRAP 2 (Revised)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2011
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised)	Construction Contracts	1 April 2011
GRAP 12 (Revised)	Inventories	1 April 2011
GRAP 13 (Revised)	Leases	1 April 2011
GRAP 14 (Revised)	Events after the reporting date	1 April 2011
GRAP 16 (Revised)	Investment Property	1 April 2011
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2011
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011
GRAP 104	Financial Instruments	1 April 2012

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards (Refer to correction of error note as transitions was not utilised in the prior year):

GRAP 12 – Inventories

GRAP 16 – Investment Property

GRAP 17 – Property, Plant and Equipment

GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets

GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations

GRAP 102 – Intangible Assets

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

As noted below, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 paragraph 11 to 14 have been disclosed in the financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 6 (Revised)	Consolidated and Separate Financial Statements No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 7 (Revised)	Investments in Associate No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 8 (Revised)	Interest in Joint Ventures No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 103	Heritage Assets No adjustments will necessary as the Municipality has no heritage assets.	1 April 2012
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.7. RESERVES

1.7.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.8. LEASES

1.8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.8.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.12. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.12. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(b) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

(e) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(f) Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(g) Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.13. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.14.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	15
		Quarries	25
		Computer equipment	2-20
<u>Community</u>			
Buildings	1-105		
Recreational Facilities	7-100		
Security	5		
Halls	1-105		
Libraries	1-100		
Parks and gardens	1-100		
Other assets	7-100		
<u>Finance lease assets</u>			
Office equipment	2-22		
Other assets	2-22		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.14.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.15.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.15.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	2-7
Computer Software Licenses	2-7

1.15.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.16. INVESTMENT PROPERTY

1.16.1 Initial Recognition

Investment property shall be recognised as an asset when; and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.16.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	Years
Buildings	1-100

1.16.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.17. NON-CURRENT ASSETS HELD FOR SALE

1.17.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.17.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *Restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *Service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.20. INVENTORIES

1.20.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.20.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and trade and other payables.

1.21.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.21.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.2 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.2.3 Trade and Other Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.21.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.21.3 De-recognition of Financial Instruments

1.21.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.22. REVENUE

1.22.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.22.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Trade and Other Payables in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

LANEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.22.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.23. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.24. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Revenue Recognition

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2	NET ASSET RESERVES	2011 R	2010 R
	Capital Replacement Reserve	29 207 935	36 340 353
	Capitalisation Reserve	-	-
	Government Grant Reserve	-	-
	Total Net Asset Reserves	29 207 935	36 340 353
	Balance previously reported		187 635 069
	Change in accounting policy reserves no longer in policy - Refer to note 36.1		(151 294 716)
			36 340 353
3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	41 591 174	44 119 835
	Capitalised Lease Liability - At amortised cost	76 440	304 894
		41 667 614	44 424 729
	Current Portion transferred to Current Liabilities	3 390 561	1 881 787
	Annuity Loans - At amortised cost	3 326 410	1 653 333
	Capitalised Lease Liability - At amortised cost	64 151	228 454
	Unamortised charges on loans	(949 816)	(1 031 045)
	Balance 1 July	1 031 045	1 117 346
	Adjustment for the period	(81 229)	(86 301)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	37 327 237	41 511 897
	Balance previously reported (Note 3 and 4)		42 542 600
	Correction of error on loan balances - Refer to note 37.1		342
	First time implementation of Unamortised discount - Refer to note 36.2		(1 031 045)
			41 511 897

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year	6 980 888	11 669 304
Payable within two to five years	25 972 874	26 820 250
Payable after five years	34 772 135	40 905 305
	67 725 898	79 394 859
Less: Future finance obligations	(26 134 723)	(35 275 024)
Present value of annuity obligations	41 591 175	44 119 835

Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2027.

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year	67 442	254 728
Payable within two to five years	12 860	80 302
Payable after five years	-	-
	80 302	335 030
Less: Future finance obligations	(3 862)	(30 136)
Present value of lease obligations	76 440	304 894

Leases are secured by property, plant and equipment - Note 13

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4	EMPLOYEE BENEFITS	2011 R	2010 R
	Post Retirement Benefits - Refer to Note 4.1	30 851 800	27 223 142
	Long Service Awards - Refer to Note 4.2	4 853 520	4 016 492
	Total Non-current Employee Benefit Liabilities	35 705 320	31 239 634
		2011 R	2010 R
	<u>Post Retirement Benefits</u>		
	Balance 1 July	28 165 670	23 903 360
	Contribution for the year	1 412 903	1 097 399
	Interest Cost	2 554 745	2 155 885
	Expenditure for the year	(939 241)	(837 372)
	Actuarial Loss/(Gain)	619 931	1 846 398
	Total post retirement benefits 30 June	31 814 008	28 165 670
	Less: Transfer of Current Portion - Note 7	(962 208)	(942 528)
	Balance 30 June	30 851 800	27 223 142
	<u>Long Service Awards</u>		
	Balance 1 July	4 016 492	3 633 984
	Contribution for the year	495 974	431 007
	Interest Cost	342 126	322 054
	Expenditure for the year	(717 641)	(271 478)
	Actuarial Loss/(Gain)	716 569	(99 075)
	Total long service 30 June	4 853 520	4 016 492
	Less: Transfer of Current Portion - Note 7	(595 474)	(462 935)
	Balance 30 June	4 258 046	3 553 557
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	32 182 162	27 537 344
	Contribution for the year	1 908 877	1 528 406
	Interest cost	2 896 871	2 477 939
	Expenditure for the year	(1 656 882)	(1 108 850)
	Actuarial Loss/(Gain)	1 336 500	1 747 323
	Total employee benefits 30 June	36 667 528	32 182 162
	Less: Transfer of Current Portion - Note 7	(1 557 682)	(1 405 463)
	Balance 30 June	35 109 846	30 776 699
4.1	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	171	173
	In-service (employee) non-members	483	477
	Continuation members (e.g. Retirees, widows, orphans)	43	45
	Total Members	697	695
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	18 509 610	15 153 335
	Continuation members	13 304 398	13 012 335
	Total Liability	31 814 008	28 165 670
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		2009 R	2008 R
	In-service members	12 079 972	11 288 336
	Continuation members	11 823 388	11 048 567
	Total Liability	23 903 360	22 336 903
		2007 R	2006 R
		-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4 EMPLOYEE BENEFITS (CONTINUE)

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Hosmed
LA Health
Samwumed; and
Key health.

Key actuarial assumptions used:

i) Rate of interest

	2011 %	2010 %
Discount rate	8.68%	9.22%
Health Care Cost Inflation Rate	7.32%	7.27%
Net Effective Discount Rate	1.26%	1.82%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2011 R	2010 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	31 814 008	28 165 670
Net liability/(asset)	31 814 008	28 165 670

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	28 165 670	23 903 360
Total expenses	3 028 407	2 415 912
Current service cost	1 412 903	1 097 399
Interest Cost	2 554 745	2 155 885
Benefits Paid	(939 241)	(837 372)
Actuarial (gains)/losses	619 931	1 846 398
Present value of fund obligation at the end of the year	31 814 008	28 165 670
Less: Transfer of Current Portion - Note 7	(962 208)	(942 528)
Balance 30 June	30 851 800	27 223 142

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	18.51	13.304	31.814	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	22.059	14.672	36.731	15%
Health care inflation	-1%	15.679	12.112	27.791	-13%
Post-retirement mortality	-1 year	19.106	13.838	32.944	4%
Average retirement age	-1 year	19.997	13.304	33.301	5%
Withdrawal Rate	-50%	20.110	13.304	33.414	5%

LANGEBERG MUNICIPALITY

4	NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011	2011	2010
	EMPLOYEE BENEFITS (CONTINUE)		

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

654	650
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Key actuarial assumptions used:

2011	2010
%	%

i) Rate of interest

Discount rate	7.76%	9.03%
General Salary Inflation (long-term)	6.27%	6.40%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.41%	2.47%

2011	2010
R	R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

4 853 520	4 016 492
-----------	-----------

Net liability

4 853 520	4 016 492
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The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

2009	2008	2007
R	R	R

Total Liability

3 633 984	3 443 004	-
------------------	------------------	---

Reconciliation of present value of fund obligation:

2011	2010
R	R

Present value of fund obligation at the beginning of the year

4 016 492	3 633 984
-----------	-----------

Total expenses

120 459	481 583
---------	---------

Current service cost

495 974	431 007
---------	---------

Interest Cost

342 126	322 054
---------	---------

Benefits Paid

(717 641)	(271 478)
-----------	-----------

Actuarial (gains)/losses

716 569	(99 075)
---------	----------

Present value of fund obligation at the end of the year

4 853 520	4 016 492
-----------	-----------

Less: Transfer of Current Portion - Note 7

(595 474)	(462 935)
-----------	-----------

Balance 30 June

4 258 046	3 553 557
------------------	------------------

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		4 854	
General salary inflation	1.00%	5 191	7%
General salary inflation	-1.00%	4 548	-6%
Average retirement age	-2 yrs	4 183	-14%
Average retirement age	+2 yrs	5 551	14%
Withdrawal rates	-50.00%	5 859	21%

4 **NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**
EMPLOYEE BENEFITS (CONTINUE)

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members
The contribution rate payable is 9% by members and 18% by Council.	June 2010	2 951 468	2 946 570	2

Contributions paid recognised in the Statement of Financial Performance

68 219

65 162

CAPE RETIREMENT FUND	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members
The contribution rate payable is 9% by members and 18% by Council.	June 2010	7 750 863	7 750 863	472

Contributions paid recognised in the Statement of Financial Performance

7 468 766

8 819 524

DEFINED CONTRIBUTION FUNDS

Council contribute to the South African Local Authorities Pension Fund, Municipal Councillors Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members
South African Local Authorities Pension Fund	July 2010	7 110 300	7 417 900	39
Municipal Councillors Pension Fund	June 2006	1 731 055	1 731 055	137
SAMWU National Provident Fund	June 2007	2 764 426	2 764 426	137

Note: The results of the actuarial valuations dated 30 June 2008 for SAMWU National Provident Fund and 30 June 2009 for Municipal Councillors Pension Funds are not yet available.

Contributions paid recognised in the Statement of Financial Performance

Sala Pension Fund
Municipal Councillors Pension Fund
SAMWU National Provident Fund

686 361
343 639
1 700 247

736 505
346 891
1 839 160

2 730 247

2 922 556

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

5	NON-CURRENT PROVISIONS	2011 R	2010 R
	Provision for Rehabilitation of Landfill-sites	4 912 242	3 651 377
	Total Non-current Provisions	4 912 242	3 651 377
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 53.1		
	The Municipality operate on four landfill sites. The in year actual operational costs is expensed in the statement of financial position. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity. The expected cash flow outflow; within one year; is related to the McGregor site, which reached 100% capacity and the cost is represented by the short-term portion of the non-current provision. The other landfill sites in operation are Montagu, Bonnievale and Ashton		
	<u>Landfill Sites</u>	2011 R	2010 R
	Balance 1 July	3 954 428	3 645 369
	Contribution for the year	1 476 625	309 059
	Total provision 30 June	5 431 053	3 954 428
	Less: Transfer of Current Portion to Current Provisions - Note 8	(518 811)	(303 051)
	Balance 30 June	4 912 242	3 651 377
6	CONSUMER DEPOSITS		
	Municipal services	5 571 077	4 942 210
	Total Consumer Deposits	5 571 077	4 942 210
	Guarantees held in lieu of Electricity and Water Deposits	2 363 301	2 250 473
	The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		
7	CURRENT EMPLOYEE BENEFITS		
	Current Portion of Post Retirement Benefits - Note 4	962 208	942 528
	Current Portion of Long-Service Provisions - Note 4	595 474	462 935
	Staff Leave	6 780 712	6 027 149
	Performance Bonuses	642 719	423 198
	Bonuses	2 706 104	2 606 918
	TASK Evaluation	-	889 778
	Total Current Employee Benefits	11 687 217	11 352 505
	The movement in current employee benefits is reconciled as follows:		
	<u>Staff Leave</u>		
	Balance at beginning of year	6 027 149	5 503 602
	Contribution to current portion	1 145 300	999 918
	Expenditure incurred	(391 738)	(476 371)
	Balance at end of year	6 780 712	6 027 149
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
	<u>Performance Bonuses</u>		
	Balance at beginning of year	423 197	338 849
	Contribution to current portion	811 997	434 373
	Expenditure incurred	(592 476)	(350 025)
	Balance at end of year	642 719	423 197
	Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

7	CURRENT EMPLOYEE BENEFITS (CONTINUE)	2011 R	2010 R
	<u>Bonuses</u>		
	Balance at beginning of year	2 606 918	2 266 608
	Contribution to current portion	5 935 106	5 190 122
	Expenditure incurred	(5 835 919)	(4 849 813)
	Balance at end of year	2 706 105	2 606 918

Bonuses are being paid to all permanent employed municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

TASK Evaluation

Balance at beginning of year	889 778	-
Contribution to current portion	-	889 778
Expenditure incurred	(889 778)	-
Balance at end of year	0	889 778

All eligible employees (excluding Municipal Manager, Section 57 Managers and contractual employees) have received remuneration based on the results of their job evaluation as per the TASK job evaluation system in terms of clause 7.2.6 of the collective agreement.

8	PROVISIONS		
	SALA Pension Fund	1 243 363	956 670
	Cape Joint Pension Fund	505 370	468 952
	Current Portion of Rehabilitation of Landfill-sites - Note 5	518 811	303 051
	Total Provisions	2 267 544	1 728 673

SALA Pension Fund

Balance at beginning of year	956 670	747 765
Expenditure incurred (Interest)	286 693	208 905
Balance at end of year	1 243 363	956 670

Cape Joint Pension Fund

Balance at beginning of year	468 952	-
Expenditure incurred (Interest)	36 418	468 952
Balance at end of year	505 370	468 952

9	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	31 726 176	23 067 060
	Payments received in advance	3 220 474	3 221 154
	Retentions and Guarantees	716 310	225 978
	Sundry Deposits	1 846 583	1 649 928
	Sundry Creditors	249 769	(0)
	Total Trade Payables	37 759 312	28 164 119

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and other general Deposits.

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2011 R	2010 R
	Unspent Grants	8 568 593	10 129 340
	National Government Grants	3 006 028	4 617 608
	Provincial Government Grants	4 542 508	4 508 852
	District Municipality	1 020 058	1 002 880
	Less: Unpaid Grants	6 450 286	10 710 805
	National Government Grants	4 096 777	816 928
	Provincial Government Grants	2 199 509	9 682 444
	District Municipality	154 000	211 433
	Total Conditional Grants and Receipts	2 118 307	(581 465)
	Reconciliation of total grants and receipts		
	Balance previously reported		(345 939)
	Change in accounting policy - Refer to note 36.3		(235 526)
			(581 465)
	See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
11	UNSPENT PUBLIC CONTRIBUTIONS		
	Silwer Strand Home Owners Association	62 849	235 526
	Total Unspent Public Contributions	62 849	235 526
	Reconciliation of public contributions		
	<u>Silwer Strand Home Owners Association</u>		
	Opening balance	235 526	235 526
	Contributions received	-	-
	Conditions met - Transferred to revenue	(172 677)	-
	Closing balance	62 849	235 526
	The Silwer Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.		
	Balance previously reported		-
	Change in accounting policy - Refer to note 36.3		235 526
			235 526
12	TAXES		
12.1	VAT PAYABLE		
	VAT Payable	1 462 933	475 426
	VAT output in suspense	4 809 660	4 087 767
	Total Vat payable	6 272 593	4 563 193
12.2	VAT RECEIVABLE		
	VAT input in suspense	11 455	37 567
	Total VAT receivable	11 455	37 567
12.3	NET VAT RECEIVABLE/(PAYABLE)	(6 261 138)	(4 525 626)
	VAT is receivable/payable on the cash basis.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

13 PROPERTY, PLANT AND EQUIPMENT

See attached sheets and replace

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

See attached sheets and replace

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

See attached sheets and replace

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

14	INVESTMENT PROPERTY	2011 R	2010 R
	Net Carrying amount at 1 July	24 013 674	24 019 504
	Cost	24 102 000	24 102 000
	Under Construction	-	-
	Accumulated Depreciation	(88 326)	(82 496)
	Accumulated Impairment	-	-
	Acquisitions	-	-
	Disposals	-	-
	Depreciation for the year	(5 829)	(5 829)
	Impairment	-	-
	Transfers to Inventory - cost	(361 000)	-
	Transfers to Inventory - accumulated depreciation	46 660	-
	Transfers from Property, Plant and equipment - cost	5 440 905	-
	Transfers from Property, Plant and equipment - accumulated depreciation	(1 486 074)	-
	Net Carrying amount at 30 June	27 648 336	24 013 674
	Cost	29 181 905	24 102 000
	Accumulated Depreciation	(1 533 569)	(88 326)
	Accumulated Impairment	-	-
	Balance previously reported		17 975 479
	Correction of error - Refer to note 37.4		6 094 000
	Change in accounting policy - Refer to note 36.5		(55 805)
			24 013 674
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 53.3		
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
	Revenue derived from the rental of investment property	816 092	997 011
	Operating expenditure incurred on properties	2 646 654	3 593 421

15	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	956 106	1 067 342
	Cost	1 740 126	1 416 674
	Accumulated Amortisation	(784 020)	(349 332)
	Accumulated Impairment	-	-
	Acquisitions	497 308	323 452
	Amortisation	(589 060)	(434 688)
	Impairments	-	-
	Disposals	-	-
	Net Carrying amount at 30 June	864 355	956 106
	Cost	2 237 434	1 740 126
	Accumulated Amortisation	(1 373 079)	(784 020)
	Accumulated Impairment	-	-
	Balance previously reported		1 144 027
	Change in accounting policy - Refer to note 36.6		(187 921)
			956 106
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 53.4		
	The following material intangible assets are included in the carrying value above		

<u>Description</u>	<u>Remaining Amortisation Period</u>	2011 R	2010 R
Microsoft Office and Windows software	2	864 355	956 106
No intangible asset was assessed having an indefinite useful life. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.			

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

16	CAPITALISED RESTORATION COST	2011 R	2010 R
	Net Carrying amount at 1 July	871 058	1 305 397
	Cost	3 477 091	3 477 091
	Accumulated Depreciation	(2 606 033)	(2 171 694)
	Accumulated Impairments	-	-
	Acquisitions	-	-
	Under Construction - Cost	-	-
	Disposals	-	-
	Depreciation for the year	(434 339)	(434 339)
	Impairment for the year	-	-
	Net Carrying amount at 30 June	436 719	871 058
	Cost	3 477 091	3 477 091
	Accumulated Depreciation	(3 040 372)	(2 606 033)
	Accumulated Impairments	-	-
	Balance previously reported		-
	Change in accounting policy - Refer to note 36.7		871 058
			871 058
17	NON-CURRENT INVESTMENTS		
	Listed Investments	7 441	6 318
	Total Non-Current Investments	7 441	6 318
	Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares. The listed shares represent 270 Sanlam Shares held at fair value, available for sale. The market value per share at year end	27.56	23.40
18	LONG-TERM RECEIVABLES		
	Provincial Government Housing Loans - At amortised cost	2 986 626	3 008 103
	Staff Study loans - At amortised cost	0	165 472
	Services connections - At amortised cost	625 683	523 498
	Land Sales - At amortised cost	1 499 319	581 897
	Short-term Installments	94 839	-
	Agreements with Consumer Debtors	9 748 583	8 970 408
		14 955 051	13 249 380
	Less: Current portion transferred to current receivables	(1 209 421)	(1 984 451)
		13 745 629	11 264 928
	Less: Provision for Impairment	(11 246 950)	(9 549 975)
	Total Long Term Receivables	2 498 680	1 714 954
	HOUSING LOANS		
	The Provincial Government Housing Loans are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	SERVICES CONNECTIONS		
	The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	LAND SALES		
	The Land sales are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	AGREEMENTS WITH CONSUMER DEBTORS		
	The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	9 549 975	13 937 538
	Contribution to provision/(Reversal of provision)	1 643 101	1 492 998
	Bad Debts Written Off	(53 874)	5 880 561
	Balance at end of year	11 246 950	9 549 975

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19	INVENTORY	2011 R	2010 R
	Maintenance Materials - At cost	9 907 706	10 552 658
	Compost – at cost	61 575	12 625
	Land held for sale	561 340	-
	Water – at cost	65 274	53 898
	Total Inventory	10 595 896	10 619 181
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 53.5		
20	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Electricity	13 262 379	11 273 773
	Water	5 215 537	5 677 673
	Refuse	2 246 670	2 122 524
	Sewerage	2 844 033	2 689 306
	Housing Rentals	594 042	634 764
	Prepaid Expenses	8 132	293 090
	Other	1 280 505	1 331 387
	Total Receivables from Exchange Transactions	25 451 299	24 022 517
	Less: Provision for Impairment	(8 375 708)	(7 202 649)
	Total Net Receivables from Exchange Transactions	17 075 591	16 819 867
	Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary		
	Ageing of Receivables from Exchange Transactions:		
	<u>(Electricity): Ageing</u>		
	Current (0 - 30 days)	11 068 919	-
	31 - 60 Days	654 999	-
	61 - 90 Days	232 866	-
	+ 90 Days	1 305 595	-
	Total	13 262 379	-
	<u>(Water): Ageing</u>		
	Current (0 - 30 days)	2 574 099	-
	31 - 60 Days	359 769	-
	61 - 90 Days	242 741	-
	+ 90 Days	2 038 929	-
	Total	5 215 537	-
	<u>(Refuse): Ageing</u>		
	Current (0 - 30 days)	801 377	-
	31 - 60 Days	121 645	-
	61 - 90 Days	94 174	-
	+ 90 Days	1 229 474	-
	Total	2 246 670	-
	<u>(Sewerage): Ageing</u>		
	Current (0 - 30 days)	975 403	-
	31 - 60 Days	155 861	-
	61 - 90 Days	118 821	-
	+ 90 Days	1 593 948	-
	Total	2 844 033	-
	<u>(Other): Ageing</u>		
	Current (0 - 30 days)	285 735	-
	31 - 60 Days	165 847	-
	61 - 90 Days	25 833	-
	+ 90 Days	1 405 263	-
	Total	1 882 679	-
	<u>(Total): Ageing</u>		
	Current (0 - 30 days)	15 705 534	12 550 404
	31 - 60 Days	1 458 120	3 508 378
	61 - 90 Days	714 435	959 318
	+ 90 Days	7 573 210	7 004 417
	Total	25 451 298	24 022 517

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

20	RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)	2011 R	2010 R
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	7 202 649	8 408 032
	Contribution to provision/(Reversal of provision)	2 595 948	2 706 961
	Bad Debts Written Off	1 422 889	3 912 344
	Balance at end of year	8 375 708	7 202 649
	Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.		
21	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Rates	4 847 527	4 774 374
	Other Receivables	4 748 537	4 383 074
	Accrued Interest	885 505	1 375 658
	Availability charges	2 976 606	2 613 581
	Other	886 426	393 836
	Total Receivables from Non-Exchange Transactions	9 596 064	9 157 449
	Less: Provision for Impairment	(5 665 065)	(5 296 235)
	Total Net Receivables from Non-Exchange Transactions	3 930 999	3 861 214
	Debtors with a total outstanding balance of R 9 748 583 (2010 - R 8 970 408) have arranged to settle their account over a re-negotiated period. The total value have been deferred beyond 12 months after year end and subsequently included as part of long term debtors.		
	Refer to note 18 for balances deferred beyond 12 months from year end.		
	Ageing of Receivables from Non-Exchange Transactions:		
	<u>(Rates): Ageing</u>		
	Current (0 - 30 days)	1 545 618	1 305 865
	31 - 60 Days	148 313	268 339
	61 - 90 Days	166 267	107 688
	+ 90 Days	2 987 328	3 092 482
	Total	4 847 527	4 774 374
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	5 296 235	4 362 685
	Contribution to provision/(Reversal of provision)	1 006 728	1 031 901
	Bad Debts Written Off	637 897	98 351
	Balance at end of year	5 665 065	5 296 235
	Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.		
22	OPERATING LEASE ARRANGEMENTS		
	The Municipality as Lessor (Asset)		
	Balance on 1 July	13 244	3 272
	Movement during the year	17 866	9 972
	Balance on 30 June	31 109	13 244
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	314 472	322 196
	1 to 5 Years	383 175	697 647
	More than 5 Years	-	-
	Total Operating Lease Arrangements	697 647	1 019 843
	Balance previously reported		-
	Change in accounting policy - Refer to note 36.8		1 019 843
			1 019 843
	This lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out for periods ranging until 2014.		

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

23	CASH AND CASH EQUIVALENTS	2011 R	2010 R
	<u>Assets</u>		
	Call Investments Deposits	70 000 000	75 000 000
	Bank Accounts	18 186 943	2 274 074
	Cash Floats	8 217	8 217
	Total Cash and Cash Equivalents - Assets	88 195 160	77 282 291
	<u>Liabilities</u>		
	Primary Bank Account	-	-
	Total Cash and Cash Equivalents - Liabilities	-	-
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The Municipality do not have a bank overdraft facility. Management did not deem it necessary.		
	The municipality has the following bank accounts:		
	<u>Current Accounts</u>		
	Primary Bank account	18 184 643	2 273 224
	Traffic bank account	2 300	850
		18 186 943	2 274 074
	Traffic account is cleared daily to Primary Bank Account.		
	<u>Primary Bank account</u> Montagu ABSA - Account Number 1050 000 008		
	Cash book balance at beginning of year	2 273 224	3 946 382
	Cash book balance at end of year	18 184 643	2 273 224
	Bank statement balance at beginning of year	2 363 202	8 467 487
	Bank statement balance at end of year	10 285 753	2 363 202
	<u>Traffic bank account</u> Montagu ABSA - Account Number 406 272 8351		
	Cash book balance at beginning of year	850	3 100
	Cash book balance at end of year	17 888	850
	Bank statement balance at beginning of year	850	3 100
	Bank statement balance at end of year	2 300	850
	<u>Call Investment Deposits</u>		
	Call investment deposits consist of the following accounts:		
	ABSA Account Number 20 6978 9534	30 000 000	20 000 000
	First National Bank	-	-
	Nedbank Account Number 03/7881034971/000008	20 000 000	25 000 000
	Standard Bank Account Number 288478061-001	20 000 000	30 000 000
		70 000 000	75 000 000

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

24	PROPERTY RATES	2011 R	2010 R
	<u>Actual</u>		
	Rateable Land and Buildings	31 178 062	29 309 675
	Residential, Commercial Property, State	31 178 062	29 309 675
	Less: Rebates	(7 351 494)	(6 839 329)
	Total Assessment Rates	23 826 569	22 470 346
	<u>Valuations</u>		
	Rateable Land and Buildings		
	Residential	2 362 445 000	2 250 525 500
	Agricultural	2 382 662 130	2 495 933 208
	Government	110 955 000	34 661 500
	Business & Commercial	1 062 168 000	1 043 325 580
	Municipal	196 163 100	194 063 420
	Exempt Properties	25 172 000	10 993 100
	Total Assessment Rates	6 139 565 230	6 029 502 308
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2007.		
	Rates:		
	Residential	67c/R	63c/R
	Commercial, Industrial & Government	102c/R	96c/R
	Public Benefit Organisations	16c/R	-
	Agricultural	13c/R	12c/R
	Rates are levied annually and is payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments. Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
25	GOVERNMENT GRANTS AND SUBSIDIES		
	Unconditional Grants	41 768 661	33 363 266
	Equitable Share	41 768 661	33 363 266
	Conditional Grants	41 437 642	46 375 801
	Grants and donations	1 782 475	1 211 878
	Subsidies	39 655 168	45 163 923
	Total Government Grants and Subsidies	83 206 303	79 739 067
	Government Grants and Subsidies - Capital	18 706 484	18 800 043
	Government Grants and Subsidies - Operating	64 499 820	60 939 024
		83 206 303	79 739 067
	Balance previously reported		80 029 472
	Correction of error - Refer to note 37.5		(290 405)
			79 739 067
	The municipality does not expect any significant changes to the level of grants.		
25.1	Equitable share		
	Opening balance	-	-
	Grants received	41 768 661	33 363 266
	Conditions met - Operating	(41 768 661)	(33 363 266)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
25.2	Local Government Financial Management Grant (FMG)		
	Opening balance	101 980	433 471
	Grants received	1 000 000	750 000
	Conditions met - Operating	(888 514)	(682 566)
	Conditions met - Capital	-	(398 925)
	Conditions still to be met	213 467	101 980
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

25	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2011 R	2010 R
25.3	Municipal Systems Improvement Grant		
	Opening balance	394 471	561 975
	Grants received	750 000	735 000
	Conditions met - Operating	(1 068 526)	(463 477)
	Conditions met - Capital	-	(439 027)
	Conditions still to be met	75 945	394 471
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
25.4	Municipal Infrastructure Grant (MIG)		
	Opening balance	2 473 947	(1 395 566)
	Grants received	7 745 000	21 860 000
	Conditions met - Operating	(1 437 884)	(963 934)
	Conditions met - Capital	(10 444 397)	(17 026 553)
	Conditions still to be met	(1 663 334)	2 473 947
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
25.5	Housing Grants		
	Opening balance	(9 165 865)	227 824
	Grants received	29 750 687	14 645 736
	Conditions met - Operating	(16 890 320)	(24 039 425)
	Conditions met - Capital	-	-
	Grant expenditure to be recovered	3 694 503	(9 165 865)
	Housing grants was utilised for the development of even and the erection of top structures.		
25.6	Integrated National Electrification Grant		
	Opening balance	(24 105)	-
	Grants received	90 000	-
	Conditions met - Operating	(8 437)	-
	Conditions met - Capital	(60 265)	(24 105)
	Grant expenditure to be recovered	(2 807)	(24 105)
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
25.7	Other Grants		
	Opening balance	5 638 106	3 631 131
	Grants received	4 801 727	4 344 765
	Conditions met - Operating	(2 437 478)	(1 426 357)
	Conditions met - Capital	(8 201 821)	(911 433)
	Conditions still to be met	(199 466)	5 638 106
	Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
25.8	Total Grants		
	Opening balance	(581 465)	3 458 835
	Grants received	85 906 075	75 698 767
	Conditions met - Operating	(64 499 820)	(60 939 024)
	Conditions met - Capital	(18 706 484)	(18 800 043)
	Conditions still to be met/(Grant expenditure to be recovered)	2 118 307	(581 465)
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipts	8 568 593	10 129 340
	Unpaid Conditional Government Grants and Receipts	(6 450 286)	(10 710 805)
		2 118 307	(581 465)

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

26	SERVICE CHARGES	2011 R	2010 R
	Electricity	178 867 700	145 892 045
	Water	27 288 868	25 908 048
	Refuse removal	13 004 125	12 230 162
	Sewerage and Sanitation Charges	16 617 737	15 520 410
		<hr/> 235 778 430	<hr/> 199 550 664
	Less: Rebates	(18 029 264)	(13 206 376)
	Total Service Charges	<hr/> 217 749 166 <hr/>	<hr/> 186 344 288 <hr/>
	Balance previously reported		208 816 112
	Correction of error - Refer to note 37.6		(22 471 824)
			<hr/> 186 344 288 <hr/>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

27	OTHER INCOME		
	Availability fees	2 258 027	2 032 000
	Building plans	564 380	466 362
	Bulk service levies	1 571 185	609 994
	Cemeteries	227 886	233 488
	Commission	122 159	114 857
	Connection fees	1 605 316	1 654 898
	Fair Value Adjustments	1 123	-
	Fire brigade fees	58 767	39 875
	Insurance claims	360 908	1 187 129
	Photo copies	53 200	61 832
	Planning application fees	327 841	140 951
	Re-connection fees	374 006	251 684
	Valuation certificates	49 510	49 750
	Sundry income	2 252 440	1 944 292
		<hr/> 2 252 440	<hr/> 1 944 292
	Total Other Income	<hr/> 9 826 749 <hr/>	<hr/> 8 787 112 <hr/>

Sundry income represents sundry income such as cleaning of sites, private work and fees for items not included under service charges.

28	EMPLOYEE RELATED COSTS		
	Salaries and Wages	63 994 744	58 734 155
	Bonus	6 029 462	5 624 495
	Contributions for UIF, pensions and medical aids	15 546 693	13 663 660
	Group Life Insurance	363 904	359 176
	Housing Subsidy	531 535	598 794
	Leave Reserve Fund	1 145 300	999 918
	Long service awards	495 974	159 529
	Overtime	4 141 598	4 127 946
	Post Employment Health	1 412 935	1 170 313
	Travel, motor car, telephone, assistance and other allowances	8 355 218	7 427 773
		<hr/> 102 017 363	<hr/> 92 865 759
	<u>Less:</u> Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	<hr/> 102 017 363 <hr/>	<hr/> 92 865 759 <hr/>

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager

Annual Remuneration	741 020	623 864
Performance Bonuses	137 200	104 440
Car Allowance	108 000	143 000
Other Allowances	86 121	46 637
Contributions to UIF, Medical, Pension Funds and Bargaining Council	157 806	131 311
	<hr/> 1 230 147	<hr/> 1 049 252
Total	<hr/> 1 230 147 <hr/>	<hr/> 1 049 252 <hr/>

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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EMPLOYEE RELATED COSTS (CONTINUE)

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUE)

Remuneration of the Director Infrastructure Development

	2011 R	2010 R
Annual Remuneration	529 079	425 000
Performance Bonuses	113 819	58 165
Car Allowance	156 869	156 869
Other Allowances	31 899	31 321
Contributions to UIF, Medical, Pension Funds and Bargaining Council	164 089	134 584
Total	995 755	805 938

Remuneration of the Director Corporate Services

Annual Remuneration	567 672	488 625
Performance Bonuses	113 819	64 628
Car Allowance	131 568	133 138
Other Allowances	59 060	18 241
Contributions to UIF, Medical, Pension Funds and Bargaining Council	131 280	113 397
Total	1 003 400	818 029

Remuneration of the Director Financial Services

Annual Remuneration	456 000	444 000
Performance Bonuses	113 819	64 628
Car Allowance	128 222	128 222
Other Allowances	197 912	74 403
Contributions to UIF, Medical, Pension Funds and Bargaining Council	108 787	103 346
Total	1 004 740	814 599

Remuneration of the Director Community Services

Annual Remuneration	538 425	480 000
Performance Bonuses	113 819	58 165
Car Allowance	133 219	134 321
Other Allowances	108 451	36 382
Contributions to UIF, Medical, Pension Funds and Bargaining Council	114 737	102 319
Total	1 008 651	811 187

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REMUNERATION OF COUNCILLORS

Mayor	601 264	573 231
Deputy Mayor	483 782	462 228
Speaker	480 398	462 856
Mayoral Committee Members	978 175	874 736
Councillors	2 719 410	2 622 422
Total Councillors' Remuneration	5 263 028	4 995 472

In-kind Benefits

The Executive Mayor; Mayoral committee members and the Speaker are full-time Councillors. The full time councillors are provided with secretarial support and an office at the cost of the Council.

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DEBT IMPAIRMENT

Long term Receivables - Note 18	1 643 101	1 492 998
Trade Receivables from exchange transactions - Note 20	2 595 948	2 706 961
Trade Receivables from non-exchange transactions - Note 21	1 006 728	1 031 901
Total Contribution to Debt Impairment	5 245 776	5 231 860

31

DEPRECIATION AND AMORTISATION

Property Plant and Equipment	13 277 402	12 273 689
Capitalised Restoration Cost	434 339	434 339
Investment Property	5 829	5 829
Intangible Assets	589 060	434 688
	14 306 630	13 148 545

Balance previously reported

Change in accounting policy and correction of errors - Refer to the following notes 37.3; 37.4; 36.4; 36.5; 36.7 and 36.6

22 188 362

(9 039 817)

13 148 545

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

32	FINANCE CHARGES	2011 R	2010 R
	Bank Overdraft	36 418	2 893 705
	Landfill site	1 476 625	-
	Long service awards	342 126	-
	Long-term Liabilities	4 831 998	5 148 303
	Post Employment Health	2 554 745	-
	Total finance charges	9 241 912	8 042 008
	Balance previously reported		8 041 666
	Correction of error - Refer to note 37.1		342
			8 042 008
33	BULK PURCHASES		
	Electricity	125 827 700	97 211 445
	Water	2 232 890	1 495 792
	Total Bulk Purchases	128 060 590	98 707 237
34	GRANTS AND SUBSIDIES		
	Destitute Grants	-	(0)
	Total Grants and Subsidies	-	(0)
	Balance previously reported		13 206 376
	Correction of error - Refer to note 37.6		(13 206 376)
			-
35	GENERAL EXPENSES		
	Advertisement Cost	339 413	475 859
	Audit fees	1 530 065	1 530 706
	Bank charges	598 740	462 292
	Bursaries - Internal	244 881	153 967
	Cell phone	633 125	734 171
	Chemicals	3 409 025	2 518 003
	Computer services	1 355 668	1 140 540
	Connections	372 406	375 941
	Data lines	1 290 333	1 038 010
	Delegation Fees	168 310	285 388
	Development Projects	391 854	496 354
	Fuel	3 553 175	3 847 448
	Insurance (Premiums & Claims cost)	1 399 081	1 131 194
	IoD Insurance	875 351	856 368
	Membership fees	522 495	489 198
	Municipal Services Charges	22 018	26 430
	Postage	740 288	755 072
	Poverty Alleviation Projects	2 706 714	2 112 845
	Printing & Stationary	941 299	952 298
	Professional Services	1 585 741	1 183 652
	Protective Clothing	355 689	310 775
	Refuse bags	571 185	508 571
	Rehabilitation	494 086	414 578
	Skills Development Levy	895 688	767 292
	Subsidy New Electrical connections	-	225 675
	Tourism Marketing	743 454	999 193
	Training cost	729 281	743 032
	Transfer cost	331 488	221 614
	Valuation cost	1 453 685	271 628
	Other	3 173 195	2 523 662
	General Expenses	31 427 734	27 551 753
	Balance previously reported		36 817 201
	Correction of error - Refer to note 37.6		(9 265 448)
			27 551 753

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

36		2010 R
	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3	
36.1	NET ASSET RESERVES	
	Balance previously reported	187 635 069
	Capitalisation Reserve - Refer to note 2	(28 811 377)
	Government Grant Reserve - Refer to note 2	(122 483 339)
		36 340 353
	Both the Capitalisation Reserve and the Government Grant Reserve is longer included in the accounting policy.	
36.2	LONG-TERM LIABILITIES	
	Balance previously reported	42 542 600
	Correction of error - Refer to note 37.1	342
	Unamortised interest on loans - Refer to note 3	(1 031 045)
		41 511 897
	Accounting for unamortised interest on loans.	
36.3	UNSPENT GOVERNMENT GRANTS AND SUBSIDIES	
	Balance previously reported	345 939
	Shown as Unspent Public Contributions - Refer to note 11 and 10	211 433
		557 372
	The amount contributed by Silwer Strand Association was previously included in Unspent Government Grants and subsidies	
36.4	PROPERTY, PLANT AND EQUIPMENT	
	Balance previously reported	399 102 853
	Transfer to Capitalised Restoration Cost - Refer to note 13 and 16	(3 477 091)
	Recalculation of accumulated depreciation charges, due to componisation and reveiw of useful life - Refer to note 13	48 878 068
	Correction of errors - Refer to note 37.3	(82 674 002)
		361 829 829
	Implimentation of GRAP 17 and ensure that all prorerty, plant and equipment is identified and measured.	
36.5	INVESTMENT PROPERTY	
	Balance previously reported	17 975 479
	Recalculation of accumulated depreciation charges due to review of useful life and correction of error - Refer to note 14	(55 805)
	Correction of error - Refer to note 37.4	6 094 000
		24 013 674
	Calculation of accumulated depreciation due to changes in category and review of usefull life	
36.6	INTANGIBLE ASSETS	
	Balance previously reported	1 144 027
	Recalculation of accumulated depreciation charges due to review of useful life and correction of error - Refer to note	(187 921)
		956 106
	Calculation of accumulated depreciation due to changes in category and review of usefull life	
36.7	CAPITALISED RESTORATION COST	
	Balance previously reported	-
	First time reported separately from PPE - Refer to note 16	871 058
		871 058
	Reporting of Capitalised restoration cost of landfill sites separately.	
36.8	OPERATING LEASE ARRANGEMENTS	
	Balance previously reported	-
	First time implimentation smoothing of operating leases - Refer to note 22	1 019 843
		1 019 843
	Implimentation and measurement of operating lease asset for the first time.	

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

36	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3	2010 R
36.9	RENTAL OF FACILITIES	
	Balance previously reported	1 369 844
	Effect of smoothing operating leases - Refer to Statement of Financial Performance and note 22	9 968
		1 379 812
36.10	LOSS OR GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	
	Loss previously reported	(10 514 479)
	Effect on loss due to recalculation of depreciation - Refer to Statement of Financial Performance and note 36.4	5 031 549
	Effect on gain due to recalculation of depreciation - Refer to Statement of Financial Performance and note 36.4	-
		(5 482 930)
37	CORRECTION OF ERROR IN TERMS OF GRAP 3	
37.1	LONG-TERM LIABILITIES	
	Balance previously reported	42 542 600
	Correction of loan balances - Refer to note 3	342
	Change in accounting policy - Refer to note 36.2	(1 031 045)
		41 511 897
	Correcting interest allocation of loans effecting the long-term liabilities.	
37.2	UNSPENT GOVERNMENT GRANTS AND SUBSIDIES	
	Balance previously reported	345 939
	Shown as Unspent Public Contributions - Refer to note 11	235 526
		581 465
	The amount contributed by Silwer Strand Association was previously included in Unspent Government Grants and subsidies	
37.3	PROPERTY, PLANT AND EQUIPMENT	
	Balance previously reported	399 102 853
	First time identification and measurement of sites registered in the name of the Municipality - Refer to note 13	14 870 800
	Measurement of sites with zero values registered in the name of the Municipality - Refer to note 13	7 105 200
	Measurement of moveable items with zero values - Refer to note 13	101 558
	Identification and measurement of vehicle CER 2268 - Refer to note 13	7 412
	Correction of control account with items in detail register - Refer to note 13	458 000
	Removal of Housing Top structures - Refer to note 13	(95 734 906)
	Disposal of sites used for Housing schemes - Refer to note 13	(8 524 000)
	Removal of maintenance expenditure - Refer to note 13	(958 066)
	Change in accounting policy - Refer to note 36.4	45 400 977
		361 829 829
	Implementation of GRAP 17 and ensure that all property, plant and equipment is identified and measured.	
37.4	INVESTMENT PROPERTY	
	Balance previously reported	17 975 479
	First time identification and measurement of sites registered in the name of the Municipality - Refer to note 14	6 094 000
	Change in accounting policy - Refer to note 36.5	(55 805)
		24 013 674
37.5	GOVERNMENT GRANTS AND SUBSIDIES	
	Balance previously reported	80 029 472
	Public contributions and donations incorrectly reported - Refer to note 25 and Statement of Financial Performance	(290 405)
		79 739 067

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

37	CORRECTION OF ERROR IN TERMS OF GRAP 3	2010 R
37.6	SERVICE CHARGES	
	Balance previously reported	208 816 112
	Rebates to indigent households - Refer to note 26 and 34	(13 206 376)
	Municipal service charges treated as revenue and expenditure - Refer to Statement of Financial Performance and note 26	(9 265 448)
		186 344 288
	Also effect the figure of General expenditure as the Municipal charges was also included in general expenditure.	
37.7	UNAMORTISED DISCOUNT	
	Balance previously reported	-
	Unamortised discount - Interest - Refer to Statement of Financial performance and note 3	38 042
	Unamortised discount - Interest paid - Refer to Statement of Financial performance and note 3	(124 343)
		(86 301)
37.8	REPAIR AND MAINTENANCE	
	Balance previously reported	9 024 037
	Correction of expenditure allocation - Refer to Statement of Financial performance and note	29 495
		9 053 532
	Expenditure incorrectly allocated to other types of expenditure corrected.	
37.9	OPERATING GRANT EXPENDITURE	
	Balance previously reported	1 146 042
	Correction of expenditure allocation - Refer to Statement of Financial performance and note 37.3	24 039 425
		25 185 467
	Expenditure on top structures of housing schemes incorrectly treated as capital expenditure in the past.	
38	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2011 R
	Surplus/(Deficit) for the year	20 034 739
	Adjustments for:	
	Depreciation	13 717 570
	Amortisation of Intangible Assets	589 060
	Gain on disposal of property, plant and equipment	(753 120)
	Loss on disposal of property, plant and equipment	184 397
	Debt Impairment	3 602 675
	Debt Impairment - Long term receivables	1 643 101
	Contribution from/to current employee benefits	182 493
	Contribution from/to non current employee benefits	3 148 866
	Actuarial (Gains)/Losses	1 336 500
	Fair Value Adjustments	-
	Unamortised discount	81 229
	Impairment written off	-
	Bad debt written-off	2 006 912
	Gain in Foreign Exchange	(4 523)
	Operating lease income accrued	(17 866)
	Operating Surplus/(Deficit) before changes in working capital	45 752 034
	Changes in working capital	11 062 866
	Increase/(Decrease) in Payables from exchange transactions	9 595 193
	Increase/(Decrease) in Non-Current Provisions	1 476 625
	Increase/(Decrease) in Current Provisions	323 111
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(1 560 746)
	Increase/(Decrease) in Unspent Public Contributions	(172 677)
	Increase/(Decrease) in Taxes	1 735 512
	(Increase)/Decrease in Inventory	23 285
	(Increase)/Decrease in Trade and other receivables	(4 617 955)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	4 260 518
	Cash generated/(absorbed) by operations	56 814 900
		2 002 816
		309 059
		677 857
		5 274 939
		-
		1 815 900
		(1 984 559)
		(20 591 104)
		(9 315 239)
		35 978 539

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

39	CASH AND CASH EQUIVALENTS	2011 R	2010 R
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 23	70 000 000	75 000 000
	Cash Floats - Note 23	8 217	8 217
	Bank - Note 23	18 186 943	2 274 074
	Total cash and cash equivalents	88 195 160	77 282 291
40	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 39	88 195 160	77 282 291
	Investments - Note 17	7 441	6 318
		88 202 602	77 288 609
	Less:	14 841 186	14 692 532
	Unspent Committed Conditional Grants - Note 10	8 568 593	10 129 340
	VAT - Note 12	6 272 593	4 563 193
	Resources available for working capital requirements	73 361 415	62 596 077
	Allocated to:		
	Capital Replacement Reserve	29 207 935	36 340 353
	Employee Benefits Reserve	47 392 537	42 592 139
	Non-Current Provisions Reserve	4 912 242	3 651 377
	Resources available for working capital requirements	(8 151 299)	(19 987 792)
41	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 3	41 667 614	44 424 729
	Used to finance property, plant and equipment - at cost	(41 667 614)	(44 424 729)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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BUDGET COMPARISONS

42.1 Operational

Revenue by source

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
Property Rates	23 826 569	23 992 097	(165 528)	-1%
Government Grants and Subsidies - Capital	18 706 484	-	18 706 484	100%
Government Grants and Subsidies - Operating	64 499 820	94 999 959	(30 500 139)	-32%
Public Contributions and Donations	413 740	350 000	63 740	18%
Gain on Foreign Exchange Transaction	4 523	-	4 523	100%
Fines	2 248 067	3 039 940	(791 873)	-26%
Service Charges	217 749 166	242 197 913	(24 448 747)	-10%
Rental of Facilities and Equipment	1 568 990	1 424 156	144 834	10%
Interest Earned - external investments	4 992 719	7 970 000	(2 977 281)	-37%
Interest Earned - outstanding debtors	1 332 092	1 700 000	(367 908)	-22%
Licences and Permits	1 111 859	1 202 828	(90 969)	-8%
Agency Services	1 562 916	1 100 000	462 916	42%
Other Income	9 826 749	10 586 083	(759 334)	-7%
Unamortised Discount - Interest	45 057	-	45 057	100%
Gain on disposal of Property, Plant and Equipment	753 120	1 000 000	(246 880)	-25%

	348 641 869	389 562 976	(40 921 107)	-11%
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Expenditure by nature

Employee Related Costs	102 017 363	103 922 139	1 904 776	-2%
Remuneration of Councillors	5 263 028	6 039 035	776 007	-13%
Debt Impairment	5 245 776	6 860 567	1 614 791	-24%
Depreciation and Amortisation	14 306 630	30 093 736	15 787 106	-52%
Collection costs	916 446	1 000 000	83 554	-8%
Repairs and Maintenance	10 569 374	9 297 312	(1 272 062)	14%
Actuarial losses	1 336 500	-	(1 336 500)	-100%
Unamortised Discount - Interest paid	126 286	-	(126 286)	-100%
Finance Charges	9 241 912	9 955 245	713 333	-7%
Bulk Purchases	128 060 590	134 031 153	5 970 563	-4%
Contracted services	1 242 352	2 132 180	889 828	-42%
Grants and Subsidies	-	17 072 640	17 072 640	-100%
Stock Adjustments	-	-	-	0%
Operating Grant Expenditure	18 668 742	2 246 451	(16 422 291)	731%
General Expenses	31 427 734	34 493 341	3 065 607	-9%
Loss on disposal of Property, Plant and Equipment	184 397	-	(184 397)	100%
Fair Value Adjustments	-	-	-	0%

	328 607 130	357 143 799	28 536 669	-8%
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Net Surplus for the year

	20 034 739	32 419 177	(12 384 438)	-38%
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The budget amount above differs from the approved adjustment budget due to interdepartmental charges and Municipal services included as revenue in the approved budget.

The under realisation of Service charges is linked to the Municipal service charges and the change in the accounting treatment of subsidies to indigent households as income forgone.

42.2 Expenditure by Vote

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
Community services	48 315 240	49 590 588	(1 275 348)	-3%
Corporate services	9 899 319	11 983 802	(2 084 483)	-17%
Executive & Council	26 761 305	28 776 726	(2 015 421)	-7%
Finance	22 662 391	38 874 893	(16 212 502)	-42%
Housing	21 132 659	9 706 079	11 426 580	118%
Infrastructure Development	199 836 215	218 211 711	(18 375 496)	-8%
	328 607 130	357 143 799	(28 536 669)	-8%

The budget amount above differs from the approved adjustment budget due to interdepartmental charges and Municipal services included as expenditure in the approved budget.

The over expenditure on the Housing vote is directly linked to the new accounting treatment of Housing scheme top structures, whilst the under expenditure is mainly linked to the unbundling of tangible infrastructure assets and the review of useful life of all capital assets.

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

42 BUDGET COMPARISONS (CONTINUE)

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
42.3 Capital expenditure by vote				
Community services	10 026 925	9 340 600	686 325	7%
Corporate services	1 034 821	1 100 000	(65 179)	-6%
Executive & Council	260 873	2 335 526	(2 074 653)	-89%
Finance	1 030 552	850 000	180 552	21%
Housing	571 381	26 175 000	(25 603 619)	-98%
Infrastructure Development	29 902 598	21 199 500	8 703 098	41%
	42 827 151	61 000 626	(18 173 475)	-30%

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

43.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	-	-
Unauthorised expenditure for the year - capital	9 569 975	
Unauthorised expenditure for the year - operating	11 426 580	12 459 543
Written off by council	-	(12 459 543)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	20 996 555	-

Unauthorised expenditure on operating votes is mainly due to:

- Housing (Treatment of Housing scheme top structures)

Unauthorised expenditure on capital votes relates to:

- Finance;

- Community services; and

- Infrastructure Development

Incident	Disciplinary steps/criminal proceedings
Over expenditure on approved operational and capital budget.	Report to Council

43.2 Fruitless and wasteful expenditure

None.

43.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	1 443 035	-
Irregular expenditure for the year	241 875	1 443 035
Written off by council	(1 443 035)	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	241 875	1 443 035

Incident	Disciplinary steps/criminal proceedings
Purchases from Central Motors Suid Kaap (Edms) Bpk - Part time Councillor of Swellendam Municipality	Written off by Council resolution dated 2/12/2010
Ageement with Dr.J Rodegra in Foreign currency Sect 163 of MFMA	Report to Council

241 875	-
241 875	1 443 035

43.4 Material Losses

Water distribution losses

- Kilo litres disinfected/purified/purchased

- Kilo litres lost during distribution

- Percentage lost during distribution

Electricity distribution losses

- Units purchased (Kwh)

- Units lost during distribution (Kwh)

- Percentage lost during distribution

2011	2010
7 628 220	7 264 600
960 585	944 460
12.59%	13.00%
298 330 163	294 154 313
18 612 251	21 509 137
6.24%	7.31%

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

44	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2011 R	2010 R
44.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	519 371	486 135
	Amount paid - current year	(519 371)	(486 135)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
		2011 R	2010 R
44.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year audit fee	1 530 066	1 530 706
	External Audit - Auditor-General	1 179 319	1 517 864
	Audit Committee	350 747	12 842
	Amount paid - current year	(1 530 066)	(1 530 706)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-
44.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	(2 598 286)	295 341
	Amounts received - current year	32 237 528	29 580 117
	Amounts received - previous years	2 598 286	(295 341)
	Amounts claimed - current year	(30 302 378)	(32 178 403)
	Closing balance - Receivable	1 935 150	(2 598 286)
	Vat in suspense due to cash basis of accounting		
	Input VAT	11 455	37 567
	Output VAT	(4 809 660)	(4 087 767)
	Receivable	(4 798 205)	(4 050 200)
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
44.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	10 668 228	8 769 176
	Amount paid - current year	(10 668 228)	(8 769 176)
	Balance unpaid (included in creditors)	-	-
44.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	14 614 534	13 057 458
	Amount paid - current year	(14 614 534)	(13 057 458)
	Balance unpaid (included in creditors)	-	-
44.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June:		
		2011 R Outstanding more than 90 days	2010 R Outstanding more than 90 days
	DE KOKER, TS	10 963	-
	CROUWCAMP, NP	21 424	-
	HULL, DA (R R & P B HULL)	5 148	-
	Total Councillor Arrear Consumer Accounts	37 535	-

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

44.7 Disclosers in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations any deviations approved by the Accounting Officer in terms of Regulation 36 (1)(a) and (b)

	Amount	Single Supplier	Type of deviation		
			Impossible	Impractical	Emergency
July	728 800	43	-	14	13
August	621 970	30	-	29	10
September	1 164 258	31	-	16	33
October	942 155	40	-	22	32
November	758 456	27	-	28	15
December	400 565	8	-	16	17
January	701 911	22	-	17	17
February	739 513	29	-	16	14
March	1 117 165	32	-	17	19
April	295 936	20	-	8	7
May	508 296	10	-	6	18
June	781 035	21	-	15	17
	<u>8 760 060</u>	<u>313</u>	<u>-</u>	<u>204</u>	<u>212</u>

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Vinn investment no.17 t/a Talk of the Town	Mrs. Suzanne Nel	Husband	Mr. N Nel	Swellendam Municipality Municipal Manager	R 4 335
Wyland rekenaardienste	Mr. F Mouton	Farther	Mr. L Mouton	Langeberg Municipality Clerk: Expenditure	R 2 640

Regulation 45 - Details of awards made to persons who has been in the service of the State during the previous 12 months:

Name of supplier	Name of person in service of the state	Position occupied in company	Last day in service of the state	Employer and capacity of person	Value of transactions
None					

44.8 Other non-compliance (MFMA 125(2)(e))

None

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

45	CAPITAL COMMITMENTS	2011 R	2010 R
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	13 161 367	1 700 000
	Infrastructure	4 411 367	1 700 000
	Community	8 500 000	-
	Other	250 000	-
	Approved but not yet contracted for	70 400 017	76 662 586
	Infrastructure	54 012 949	56 511 960
	Community	2 100 000	7 263 100
	Other	14 287 068	12 887 526
	Total	83 561 384	78 362 586
	This expenditure will be financed from:		
	External Loans	-	1 700 000
	Capital Replacement Reserve	29 207 935	28 628 824
	Government Grants	51 003 449	43 144 236
	Total	83 561 384	78 362 586

46 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality did engage in one foreign currency transaction. The risk is low due to the avalue of the transaction.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	474 766	169 434
	(237 383)	(169 434)
1% (2010 - 0.5%) Increase in interest rates		
0.5% (2010 - 0.5%) Decrease in interest rates		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

46

FINANCIAL RISK MANAGEMENT (CONTINUE)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 20 and 21 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 20 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2011 %	2011 R	2010 %	2010 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	3 930 999	100.00%	3 861 214
<u>Exchange Receivables</u>				
Electricity	52.11%	8 897 894	46.93%	7 893 568
Water	20.49%	3 499 168	23.63%	3 975 342
Refuse	8.83%	1 507 318	8.84%	1 486 129
Sewerage	11.17%	1 908 097	11.19%	1 882 974
Other	7.40%	1 263 113	9.40%	1 581 854
	100.00%	17 075 591	100.00%	16 819 867

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 20 and 21 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2011 %	2011 R	2010 %	2010 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	5 665 065	100.00%	5 296 235
<u>Exchange Receivables</u>				
Electricity	52.11%	4 364 485	46.93%	3 380 205
Water	20.49%	1 716 369	23.63%	1 702 332
Refuse	8.83%	739 351	8.84%	636 394
Sewerage	11.17%	935 936	11.19%	806 332
Other	7.40%	619 567	9.40%	677 386
	100.00%	8 375 708	100%	7 202 649

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

46

FINANCIAL RISK MANAGEMENT (CONTINUE)

	2011 %	2011 R	2010 %	2010 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates	100.00%	1 422 889	100.00%	3 912 344
<u>Exchange Receivables</u>				
Electricity	52.11%	741 451	46.93%	1 836 064
Water	20.49%	291 582	23.63%	924 675
Refuse	8.83%	125 603	8.84%	345 677
Sewerage	11.17%	158 999	11.19%	437 985
Other	7.40%	105 254	9.40%	367 943
	100.00%	1 422 889	100.00%	3 912 344

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2011 R	2010 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	3 708 101	3 699 405
Receivables from exchange transactions	17 075 591	16 819 867
Receivables from non-exchange transactions	4 748 537	4 383 074
Cash and Cash Equivalents	88 195 160	77 282 291
Non-Current Investments	7 441	6 318
Unpaid conditional grants and subsidies	6 450 286	10 710 805
	120 185 117	112 901 760

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2011				
Long Term liabilities	7 048 330	25 985 734	27 338 956	7 433 179
Capital repayments	3 390 561	13 584 834	21 543 759	7 207 466
Interest	3 657 769	12 400 900	5 795 198	225 713
Trade and Other Payables	33 822 528	-	-	-
Unspent conditional government grants and receipts	8 568 593	-	-	-
Cash and Cash Equivalents	-	-	-	-
	49 439 451	25 985 734	27 338 956	7 433 179

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

46

FINANCIAL RISK MANAGEMENT (CONTINUE)

2010	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities	11 924 031	26 900 552	30 722 329	10 182 977
Capital repayments	1 881 787	12 938 823	22 706 182	9 642 564
Interest	10 042 244	13 961 729	8 016 147	540 413
Trade and Other Payables	24 716 988	-	-	-
Unspent conditional government grants and receipts	10 129 340	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>46 770 359</u>	<u>26 900 552</u>	<u>30 722 329</u>	<u>10 182 977</u>

47

FINANCIAL INSTRUMENTS

**2011
R**

**2010
R**

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

47.1 Financial Assets

Classification

Investments

Fixed Deposits	Financial instruments at amortised cost	-	-
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Long-term Receivables

Provincial Government Housing Loans - At amortised cost		2 986 626	3 008 103
Staff Study loans - At amortised cost		0	165 472
Services connections - At amortised cost		625 683	523 498
Land Sales - At amortised cost		1 499 319	581 897
Short-term Installments		94 839	-
Agreements with Consumer Debtors		9 748 583	8 970 408

Receivables

Receivables from exchange transactions	Financial instruments at amortised cost	17 075 591	16 819 867
Receivables from non-exchange transactions	Financial instruments at amortised cost	4 748 537	4 383 074

Other Receivables

Government Subsidies and Grants	Financial instruments at amortised cost	6 450 286	10 710 805
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Short-term Investment Deposits

Call Deposits	Financial instruments at amortised cost	70 000 000	75 000 000
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Bank Balances and Cash

Bank Balances	Financial instruments at amortised cost	18 186 943	2 274 074
Cash Floats and Advances	Financial instruments at amortised cost	8 217	8 217
		<u>131 424 625</u>	<u>122 445 417</u>

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	131 424 625	122 445 417
At amortised cost	<u>131 424 625</u>	<u>122 445 417</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

47 FINANCIAL INSTRUMENTS (CONTINUE)

47.2 Financial Liability

Classification

Long-term Liabilities

Annuity Loans	Financial instruments at amortised cost	38 264 765	42 466 502
Capitalised Lease Liability	Financial instruments at amortised cost	12 288	76 440

Payables from exchange transactions

Trade Payables	Financial instruments at amortised cost	31 726 176	23 067 060
Payments received in advance	Financial instruments at amortised cost	3 220 474	3 221 154
Retentions and Guarantees	Financial instruments at amortised cost	716 310	225 978
Sundry Deposits	Financial instruments at amortised cost	1 846 583	1 649 928
Sundry Creditors	Financial instruments at amortised cost	249 769	(0)

Other Payables

Government Subsidies and Grants	Financial instruments at amortised cost	8 568 593	10 129 340
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Current Portion of Long-term Liabilities

Annuity Loans	Financial instruments at amortised cost	3 326 410	1 653 333
Capitalised Lease Liability	Financial instruments at amortised cost	64 151	228 454

87 995 519 **82 718 188**

SUMMARY OF FINANCIAL LIABILITY

Financial instruments at amortised cost	87 995 519	82 718 188
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48 EVENTS AFTER THE REPORTING DATE

The demarcation board included a portion of the Cape Winelands District Municipality District Management Area in the jurisdiction area of the municipality. The inclusion of the area will take place as on the 1 July 2011. The impact of the inclusion is not material and will not adversely affect the operations of the municipality.

49 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

50 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

51 CONTINGENT LIABILITY

None. Provisions was made for outstanding legal matters nwith regard to SALA and the Cape Jiont Pension Fund.

52 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

52.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 18 to the Annual Financial Statements.

52.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

52.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

53 TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

53.1 GRAP 19 - Provisions, contingent liabilities and contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.

* Refuse tip-sites financed by way of a provision

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

53.2 GRAP 100 - Non-current assets and discontinued operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not measured in terms of the transitional provisions relating to those standards.

53.3 GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Investment Properties.

The municipality is currently in the process of identifying all Investment Properties and have valued them in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

53.4 GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:

- * Computer Software;
- * Intangible assets financed by way of finance leases;
- * Intangible assets transferred as a result of the transfer of functions; and
- * Servitudes.

The municipality is currently in the process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being measured as Property, Plant and Equipment.

53.5 GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure the following inventories:

Land held for sale
Water

The municipality is currently in the process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

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LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2011

Reconciliation of Carrying Value	Cost							Accumulated Depreciation and Impairment Losses				Carrying Value
	Opening Balance Original Cost	Opening Balance Residual Values	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Closing Balance Cost	Opening Balance	Additions	Disposals / Transfer	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	83 699 699	-	2 089 385	-	3 942 000	-	81 847 084	6 198 727	699 461	1 330 795	5 567 393	76 279 691
Land	52 201 077	-	-	-	442 000	-	51 759 077	-	-	-	-	51 759 077
Buildings	31 498 621	-	2 089 385	-	3 500 000	-	30 088 007	6 198 727	699 461	1 330 795	5 567 393	24 520 614
Infrastructure	299 758 945	-	30 631 100	-	5 523 300	-	324 866 746	70 411 707	7 341 631	4 427 917	73 325 421	251 541 325
Electricity	82 586 549	-	9 695 123	-	-	-	92 281 672	22 263 962	1 672 030	-	23 935 992	68 345 680
Housing	12 087 551	-	-	-	5 522 200	-	6 565 351	4 834 343	246 454	4 426 886	653 911	5 911 440
Roads	88 834 558	-	6 759 964	-	-	-	95 594 522	20 125 712	2 729 546	-	22 855 258	72 739 264
Sewerage	35 675 406	-	575 371	-	-	-	36 250 777	8 463 807	891 490	-	9 355 297	26 895 480
Waste Management	15 423 454	-	886 168	-	-	-	16 309 623	1 866 480	363 586	-	2 230 066	14 079 557
Water	63 423 283	-	11 725 213	-	1 100	-	75 147 396	12 857 404	1 438 524	1 031	14 294 897	60 852 499
Work in Progress	1 728 144	-	989 261	-	-	-	2 717 405	-	-	-	-	2 717 405
Community Assets	55 944 778	-	7 309 472	-	1 583 905	-	61 670 344	9 503 139	1 241 541	273 329	10 471 351	51 198 994
Airfield	136 769	-	17 915	-	-	-	154 684	6 675	4 715	-	11 390	143 294
Cemeteries	1 420 268	-	352 907	-	-	-	1 773 175	362 073	86 186	-	448 259	1 324 916
Clinics	5 859 337	-	-	-	266 000	-	5 593 337	873 047	59 634	143 011	789 671	4 803 666
Community halls	11 122 995	-	410 931	-	-	-	11 533 927	1 264 447	120 412	-	1 384 859	10 149 068
Fire, safety & emergency	761 145	-	-	-	-	-	761 145	117 828	37 406	-	155 233	605 911
Libraries	3 755 080	-	80 414	-	-	-	3 835 495	1 632 733	150 271	-	1 783 004	2 052 490
Museums & Art Galleries	1 850 136	-	-	-	299 000	-	1 551 136	172 238	18 789	35 404	155 622	1 395 513
Other	2 364 323	-	-	-	1 018 905	-	1 345 417	225 491	42 744	94 914	173 321	1 172 096
Parks & Gardens	11 372 956	-	253 702	-	-	-	11 626 659	815 968	198 578	-	1 014 547	10 612 112
Recreation facilities	1 846 949	-	146 362	-	-	-	1 993 311	938 803	78 605	-	1 017 408	975 903
Sport fields & stadia	12 132 761	-	1 540 260	-	-	-	13 673 021	2 127 563	331 836	-	2 459 399	11 213 622
Swimming pools	3 322 059	-	6 981	-	-	-	3 329 040	966 272	112 366	-	1 078 637	2 250 402
Work in Progress	-	-	4 500 000	-	-	-	4 500 000	-	-	-	-	4 500 000
Leased Assets	827 184	-	-	-	-	-	827 184	174 537	102 773	-	277 310	549 874
Office Equipment (Lease)	827 184	-	-	-	-	-	827 184	174 537	102 773	-	277 310	549 874
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	37 875 114	5 549 994	2 296 364	3 521	851 822	12 535	44 860 635	14 989 725	3 891 997	790 848	18 090 874	26 769 762
Computer hardware/equipment	4 640 428	-	511 608	-	318 663	-	4 833 374	2 107 047	707 206	294 088	2 520 165	2 313 209
Furniture & office equipment	3 135 864	-	432 672	-	34 833	-	3 533 703	983 138	410 037	31 395	1 361 781	2 171 922
General Vehicles	14 588 219	3 447 818	-	-	196 145	12 535	17 827 357	6 097 262	1 139 266	182 014	7 054 515	10 772 843
Other	913 620	66 424	5 900	3 521	-	-	989 465	258 956	66 934	-	325 891	663 574
Other Buildings	861 000	-	168 864	-	-	-	1 029 864	241 113	45 545	-	286 658	743 205
Specialised Vehicles	4 104 980	976 050	-	-	-	-	5 081 031	974 880	306 522	-	1 281 402	3 799 629
Plant & Equipment	9 631 003	1 059 701	1 177 320	-	302 182	-	11 565 842	4 327 327	1 216 486	283 352	5 260 461	6 305 380
	478 105 719	5 549 994	42 326 321	3 521	11 901 028	12 535	514 071 993	101 277 834	13 277 402	6 822 888	107 732 348	406 339 645

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

13.2 30 JUNE 2010

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance Original Cost	Opening Balance Residual Values	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Closing Balance Cost	Opening Balance	Additions	Disposals / Transfer	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	84 952 987	-	1 167 712	-	2 421 000	-	83 699 699	5 612 934	585 793	-	6 198 727	77 500 972
Land	54 470 077	-	152 000	-	2 421 000	-	52 201 077	-	-	-	-	52 201 077
Buildings	30 482 909	-	1 015 712	-	-	-	31 498 621	5 612 934	585 793	-	6 198 727	25 299 895
Infrastructure	260 800 810	-	58 574 985	-	19 616 849	-	299 758 946	79 054 695	6 926 678	15 569 666	70 411 707	229 347 239
Electricity	59 655 629	-	17 544 637	-	-	-	77 200 266	20 910 401	1 353 561	-	22 263 962	54 936 304
Housing	31 701 551	-	-	-	19 614 000	-	12 087 551	19 624 536	777 915	15 568 108	4 834 343	7 253 207
Roads	83 725 844	-	5 064 065	-	-	-	88 789 909	17 523 384	2 602 328	-	20 125 712	68 664 197
Sewerage	30 085 007	-	5 589 419	-	-	-	35 674 426	7 630 533	833 274	-	8 463 807	27 210 619
Waste Management	14 155 747	-	1 267 707	-	-	-	15 423 454	1 551 904	314 576	-	1 866 480	13 556 975
Water	40 456 058	-	21 120 546	-	2 849	-	61 573 755	11 813 937	1 045 025	1 558	12 857 404	48 716 351
Work in Progress	1 020 974	-	7 988 611	-	-	-	9 009 585	-	-	-	-	9 009 585
Community Assets	52 996 584	-	2 948 194	-	-	-	55 944 778	8 377 257	1 125 882	-	9 503 139	46 441 639
Airfield	136 769	-	-	-	-	-	136 769	5 197	1 478	-	6 675	130 094
Cemeteries	1 145 361	-	274 907	-	-	-	1 420 268	292 921	69 152	-	362 073	1 058 196
Clinics	5 859 337	-	-	-	-	-	5 859 337	807 183	65 864	-	873 047	4 986 290
Community halls	9 023 744	-	2 099 251	-	-	-	11 122 995	1 169 179	95 269	-	1 264 447	9 858 548
Fire, safety & emergency	761 145	-	-	-	-	-	761 145	80 422	37 406	-	117 828	643 317
Libraries	3 675 676	-	79 405	-	-	-	3 755 080	1 498 563	134 170	-	1 632 733	2 122 347
Museums & Art Galleries	1 850 136	-	-	-	-	-	1 850 136	153 449	18 789	-	172 238	1 677 898
Other	2 129 895	-	234 427	-	-	-	2 364 323	196 400	29 091	-	225 491	2 138 831
Parks & Gardens	11 355 367	-	17 590	-	-	-	11 372 956	637 811	178 157	-	815 968	10 556 988
Recreation facilities	1 846 949	-	-	-	-	-	1 846 949	861 399	77 403	-	938 803	908 146
Sport fields & stadia	11 897 467	-	235 294	-	-	-	12 132 761	1 819 369	308 194	-	2 127 563	10 005 198
Swimming pools	3 314 739	-	7 320	-	-	-	3 322 059	855 363	110 909	-	966 272	2 355 787
Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-
Leased Assets	785 811	-	41 373	-	-	-	827 184	88 370	86 167	-	174 537	652 646
Office Equipment (Lease)	785 811	-	41 373	-	-	-	827 184	88 370	86 167	-	174 537	652 646
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	35 306 266	4 949 773	3 541 028	600 221	972 180	-	43 425 108	12 208 854	3 549 169	768 298	14 989 725	28 435 383
Computer hardware/equipment	3 919 290	-	952 328	-	231 189	-	4 640 428	1 693 602	599 997	186 552	2 107 047	2 533 381
Furniture & office equipment	2 569 009	-	582 611	-	15 755	-	3 135 864	668 258	327 602	12 722	983 138	2 152 725
General Vehicles	13 673 350	2 914 022	1 445 796	533 796	530 927	-	18 036 037	5 425 176	1 086 535	414 448	6 097 262	11 938 775
Other	768 176	-	145 444	66 424	-	-	980 044	204 286	54 671	-	258 956	721 087
Other Buildings	861 000	-	-	-	-	-	861 000	205 301	35 813	-	241 113	619 886
Specialised Vehicles	4 104 980	976 050	-	-	-	-	5 081 031	668 358	306 522	-	974 880	4 106 150
Plant & Equipment	9 410 462	1 059 701	414 848	-	194 307	-	10 690 704	3 343 873	1 138 030	154 576	4 327 327	6 363 377
	434 842 457	4 949 773	66 273 291	600 221	23 010 029	-	483 655 714	105 342 110	12 273 689	16 337 964	101 277 834	382 377 879

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

	2010
	R
Balance previously reported	399 102 853
Correction of error - Refer to note 37.3	(82 674 002)
Change in accounting policy - Refer to note 36.4	45 400 976
	<u>361 829 828</u>

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;

Property, Plant and Equipment financed by way of finance leases;

Property, Plant and Equipment financed by way of provisions;

Property, Plant and Equipment transferred as a result of the transfer of functions; and

Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2011 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality therefore did not utilise the transitional provision in the following areas:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

No impairments were identified during the reporting period

**APPENDIX A - Unaudited
LANGEBOURG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Correction	Balance at 30 JUNE 2010 Restated	Received during the period	Adjustments	Interest portion payable at period end	Redeemed or written off during the period	Balance at 30 JUNE 2011
ANNUITY LOANS											
DBSA	10.00%	10287/102	2016/03/31	146 463	210	146 673	-	5 370	3 108	16 639	127 772
DBSA	12.00%	10287/202	2015/09/30	21 916	132	22 048	-	917	552	2 671	19 012
DBSA	15.00%	10422/102	2018/03/31	622 764	-	622 764	-	-	21 625	44 518	599 870
DBSA	14.00%	10422/203	2018/09/30	370 001	-	370 001	-	-	12 046	24 878	357 170
DBSA	16.00%	11124/103	2019/06/30	1 438 888	-	1 438 888	-	-	-	80 119	1 358 769
DBSA	16.50%	11174/102	2018/12/31	487 915	-	487 915	-	-	-	29 504	458 411
DBSA	15.75%	11192/101	2018/12/31	4 144 873	-	4 144 873	-	-	-	258 793	3 886 080
DBSA (Loan Fund)	13.22%	11328/101	2014/06/30	39 656	-	39 656	-	-	-	8 104	31 551
DBSA (Public Debt Commissioner)	13.30%	12349/101	2012/12/31	187 779	-	187 779	-	-	-	67 991	119 788
DBSA (Public Debt Commissioner)	13.75%	12350/101	2014/06/30	420 035	-	420 035	-	-	-	85 138	334 897
DBSA (Loan Fund)	16.15%	12351/101	2011/06/30	77 788	-	77 788	-	-	-	77 788	-
DBSA (Loan Fund)	16.15%	12352/101	2011/06/30	3 312	-	3 312	-	-	-	3 312	-
DBSA	16.50%	13341/102	2019/12/31	3 384 222	-	3 384 222	-	-	-	166 175	3 218 047
DBSA	7.43%	13452/102	2020/06/30	1 150 619	-	1 150 619	-	-	-	115 062	1 035 557
DBSA	7.43%	13452/301	2019/12/31	1 470 934	-	1 470 934	-	-	-	154 835	1 316 099
DBSA	8.72%	13586/101	2020/12/31	488 350	-	488 350	-	-	-	46 510	441 841
DBSA	8.25%	13760/101	2020/12/31	2 222 430	-	2 222 430	-	-	-	211 660	2 010 770
DBSA	8.25%	99999/1	2024/12/31	927 748	-	927 748	-	-	-	63 983	863 765
Cogmansloof Irrigation Board (C B R)			2017/07/31	37 686	-	37 686	-	-	-	-	37 686
Pensionfund	15.10%	E39	2012/12/31	324 920	-	324 920	-	-	-	-	324 920
ABSA Bank	15.25%	209/12	2012/12/31	12 845	-	12 845	-	-	-	4 579	8 265
DBSA	7.17%	102290/1	2027/03/31	26 138 349	-	26 138 349	-	-	439 761	1 537 550	25 040 560
Total Annuity Loans				44 119 493		44 119 835	-		477 093	2 999 809	41 590 831
LEASE LIABILITY											
MINOLTA	12.22%	B211 - 4104488	31/12/2010	5 307	-	5 307	-	-	-	5 307	0
MINOLTA	12.22%	B211 - 4104501	31/12/2010	5 307	-	5 307	-	-	-	5 307	0
MINOLTA	18.17%	B211 - 4107719	31/08/2011	11 352	-	11 352	-	-	-	9 581	1 772
MINOLTA	8.59%	B350 - 21219171	31/01/2012	21 601	-	21 601	-	-	-	13 300	8 301
MINOLTA	7.34%	B350 - 21216750	31/08/2011	19 666	-	19 666	-	-	-	16 753	2 913
MINOLTA	7.34%	B350 - 21216757	31/08/2011	19 666	-	19 666	-	-	-	16 753	2 913
MINOLTA	7.34%	B350 - 21216779	31/09/2011	21 007	-	21 007	-	-	-	16 651	4 357
MINOLTA	7.34%	B350 - 21216775	31/08/2011	19 666	-	19 666	-	-	-	16 753	2 913
MINOLTA	8.59%	B350 - 21216816	31/08/2011	16 197	-	16 197	-	-	-	13 783	2 414
MINOLTA	24.63%	C253 - E041003232	31/10/2011	39 888	-	39 888	-	-	-	28 670	11 218
MINOLTA	16.16%	B920 - 57GL00831	31/08/2011	86 237	-	86 237	-	-	-	72 907	13 330
NASHUA	10.00%	V 4499204836	28/02/2013	11 055	-	11 055	-	-	-	3 806	7 249
NASHUA	10.00%	V 4499204844	28/02/2013	11 055	-	11 055	-	-	-	3 806	7 249
NASHUA	10.00%	L 6806360527	2010-2013	16 890	-	16 890	-	-	-	5 080	11 810
Total Lease Liabilities				304 894	-	304 894	-			228 454	76 440
TOTAL EXTERNAL LOANS				44 424 387	-	44 424 729	-			3 228 264	41 667 271

**APPENDIX B - Unaudited
 LANGE BERG MUNICIPALITY
 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
 MUNICIPAL VOTES CLASSIFICATION**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
16 711 491	(43 870 775)	(27 159 284)	Community services	17 844 662	(48 315 240)	(30 470 579)
293 783	(10 135 368)	(9 841 585)	Corporate services	1 215 584	(9 899 319)	(8 683 735)
1 969 878	(25 743 656)	(23 773 779)	Executive & Council	8 436 214	(26 761 305)	(18 325 091)
62 161 505	(21 514 859)	40 646 646	Finance	71 913 944	(22 662 391)	49 251 553
24 660 098	(32 406 922)	(7 746 824)	Housing	17 487 934	(21 132 659)	(3 644 725)
206 249 869	(160 898 260)	45 351 610	Infrastructure Development	231 743 531	(199 836 215)	31 907 316
312 046 623	(294 569 840)	17 476 784	Sub Total	348 641 869	(328 607 130)	20 034 739
-	-	-		-	-	-
312 046 623	(294 569 840)	17 476 784	Total	348 641 869	(328 607 130)	20 034 739

**APPENDIX C - Unaudited
LANGE BERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
1 969 290	(26 418 685)	(24 449 395)	Executive & Council	1 860 321	(25 628 256)	(23 767 935)
61 722 478	(18 623 921)	43 098 556	Budget & Treasury	71 913 941	(18 655 930)	53 258 010
963 904	(13 446 898)	(12 482 993)	Corporate Services	1 762 888	(14 852 716)	(13 089 828)
656 002	(3 385 665)	(2 729 663)	Planning & Development	7 505 178	(6 000 254)	1 504 925
-	-	-	Health	-	-	-
1 382 178	(8 650 177)	(7 267 999)	Community & Social Services	1 428 221	(9 770 437)	(8 342 216)
24 660 098	(32 406 922)	(7 746 824)	Housing	17 487 934	(21 132 659)	(3 644 725)
4 479 031	(10 601 291)	(6 122 260)	Public Safety	5 040 050	(11 456 731)	(6 416 681)
181 974	(1 025 077)	(843 103)	Sport & Recreation	154 929	(1 868 985)	(1 714 056)
292 344	(10 657 290)	(10 364 946)	Environmental Protection	1 330 519	(11 240 960)	(9 910 441)
10 375 964	(12 936 940)	(2 560 977)	Waste Management	9 890 943	(13 978 127)	(4 087 184)
12 838 552	(10 756 944)	2 081 608	Waste Water Management	12 130 936	(11 337 799)	793 137
1 832 205	(11 315 384)	(9 483 180)	Road Transport	119 287	(12 441 363)	(12 322 076)
41 734 661	(19 378 207)	22 356 453	Water	36 918 223	(24 122 338)	12 795 885
148 957 943	(114 966 439)	33 991 504	Electricity	181 098 500	(146 120 575)	34 977 925
312 046 623	(294 569 840)	17 476 784	Total	348 641 869	(328 607 130)	20 034 739

**APPENDIX D - Unaudited
LANGEBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2010	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2011
R	R	R	R	R	R	R
<u>National Government Grants</u>						
MSIG	394 471	750 000	-	1 068 526	-	75 945
Zolani Taxi Rank	800 000	1 600 000	-	266 295	1 902 111	231 594
Masterplans	54 386	-	-	-	-	54 386
MIG	3 266 770	-	-	81 340	754 795	2 430 636
Equitable Share	-	41 768 661	-	41 768 661	-	-
MIG	-792 823	7 745 000	-	1 356 544	9 689 603	-4 093 970
FMG	101 980	1 000 000	-	888 514	-	213 467
INEP	-24 105	90 000	-	8 437	60 265	-2 807
<u>Provincial Government Grants</u>						
Library services	-	797 136	-	797 136	-	-
Main roads	-	82 000	-	82 000	-	-
Masakhane	353 117	-	-	-	-	353 117
Housing Consumer Education	283 005	6 000	-	-	-	289 005
Housing Emergency Grant	-	11 126	-	4 053	28 947	-21 874
Job creation	128 050	-	-	-	-	128 050
Social Development	3 000 000	-	-	629 635	4 500 000	-2 129 635
Housing Home Sanitation	167 671	-	-	-	-	167 671
Housing	17 903	-	-	-	-	17 903
Dept Water Affairs	140 000	-	-	-	-	140 000
Training	419 106	222 591	-	407 786	-	233 911
Housing	-9 634 444	29 733 561	-	16 886 267	-	3 212 850
CDW	-48 000	-	-	-	-	-48 000
<u>District Municipality Grants</u>						
ID Documents	33 260	-	-	-	-	33 260
Route 62 projects	37 377	-	-	-	-	37 377
PIMS	76 935	-	-	20 788	-	56 147
Pre-paid Watermeters	108 527	-	-	-	-	108 527
Ward Committees	150 000	-	-	-	-	150 000
PIMS	17 560	-	-	-	-	17 560
McGregor Dam	25 000	-	-	-	-	25 000
Bakery Project	221 821	-	-	3 450	-	218 371
Landfil site	332 400	-	-	-	-	332 400
Tarring of Streets	-	1 100 000	-	154 000	1 100 000	-154 000
Cleanest Town	-211 433	1 000 000	-	76 387	670 763	41 416
Total	-581 465	85 906 075	-	64 499 820	18 706 484	2 118 307

**APPENDIX D - Unaudited
LANGEBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2009	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2010
	R	R	R	R	R	R
<u>National Government Grants</u>						
MSIG	561 975	735 000		463 477	439 027	394 471
Zolani Taxi Rank	-	800 000				800 000
Masterplans	54 386					54 386
MIG	-	6 481 000		963 934	2 250 296	3 266 770
Equitable Share	-	33 363 266		33 363 266		-
MIG	-1 395 566	15 379 000			14 776 257	-792 823
FMG	433 471	750 000		682 566	398 925	101 980
INEP	-				24 105	-24 105
<u>Provincial Government Grants</u>						
Library services	-	813 931		813 931		-
Main roads	-	72 000		72 000		-
Masakhane	353 117					353 117
Housing	42 250	240 755				283 005
Job creation	128 050					128 050
Social Development	1 500 000	1 500 000				3 000 000
Housing	167 671					167 671
Housing	17 903					17 903
Dept Water Affairs	45 000	95 000				140 000
Training	433 446	363 834		378 174		419 106
Housing	-	14 404 981		24 039 425		-9 634 444
CDW	-			48 000		-48 000
<u>District Municipality Grants</u>						
ID Documents	81 677			48 417		33 260
Route 62 projects	37 377					37 377
PIMS	76 935					76 935
Pre-paid Watermeters	108 527					108 527
Ward Committees	150 000					150 000
PIMS	17 560					17 560
McGregor Dam	25 000					25 000
Bakery Project	287 656			65 836		221 821
Landfil site	332 400					332 400
Tarring of Streets	-	700 000			700 000	-
Cleanest Town	-				211 433	-211 433
Housing Emergency Grant	-					-
Total	3 458 835	75 698 767	-	60 939 024	18 800 043	-581 465